

FORTE SECURITIES LIMITED

**OTF RULEBOOK**

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## CHAPTER 1 - GENERAL

### **RULE 101 – THE RULES**

(A) The Rules set out the terms and conditions of each Participant's and Authorised Trader's access to, and use of, the OTF and have been established to facilitate fair and orderly trading on the OTF.

(B) The Rules supplement and form part of the Participant Documentation in respect of access to, and use of, the OTF. In the event of any conflict between the Rules and any of the Participant Documentation, or any other agreement or terms that references, is incorporated into, or that otherwise applies to a Participant's and Authorised Trader's access to, or use of, the OTF, the Rules shall prevail.

### **RULE 102 – DEFINITIONS**

When used in the OTF Rulebook the following terms shall have the respective meanings as follows:

**"Affiliate"** means, with respect to any Person, any Person who, directly or indirectly, Controls, is controlled by, or is under common Control with, such other Person.

**"Agent"** means a Participant acting as agent on behalf of Principal to enter Orders and executed Trades on the OTF or subject to the Rules of the OTF.

**"Applicable Law"** means, with respect to any Person, any applicable law, statute, regulation or directive, including the laws of any jurisdiction applicable to an Order or Trade and to any use or attempted use of the OTF, any rule, requirement, order, notice or guideline of any Regulatory Authority, market rules and judgements, orders and rulings of any governmental authority or self-regulatory organization, authority, agency, court or body, applicable to such Person, including FSMA and data protection and privacy laws and laws with respect to recording messages of Participant employees and officers.

**"Applicant"** means a Persons applying to become a Participant.

**"Authorised Trader"** means any natural person who (i) has Trading Access to the OTF acting for and on behalf of a Participant and (ii) is assigned a valid Trader ID.

**"Business Day"** means a day on which the OTF is open for trading.

**"Cleared Instrument"** means an Instrument that both participants intend to submit to a Clearing House for clearing.

**"Clearing House"** means a central clearing counterparty for derivative trades that provides clearing services with respect to Instruments traded on the OTF.

**"Clearing Member"** means a member of a Clearing House that is authorised to clear trades in Instruments for a Participant or its Principal.

**“Confirmation”** has the meaning set forth in Rule 303

**“Control”** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by Instrument, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

**“EEA”** means the European Economic Area.

**“Eligibility Criteria”** means the criteria set forth in Rule 202.

**“FCA”** means the UK Financial Conduct Authority, and any successor or replacement.

**“FCA Handbook”** means the FCA’s handbook rules and guidance, as amended or replaced from time to time.

**“FSMA”** means the UK Financial Services and Markets Act 2000.

**“Insolvency”** means, in respect of a Participant: (i) that an order is made by a court of competent jurisdiction, or a resolution is passed, for the liquidation, bankruptcy or administration of the Participant or a notice of appointment of a bankruptcy trustee or administrator of the Participant is filed with a court of competent jurisdiction; (ii) the appointment of a manager, receiver, administrative receiver, administrator, liquidator, trustee or other similar officer of the Participant or in respect of it or all or any part of its assets; (iii) the Participant convenes a meeting of its creditors for the purpose of considering a proposal for a composition in satisfaction of the Participant’s debts or a scheme of arrangement or analogous proceeding; (iv) the Participant makes or proposes of any arrangement, reorganisation or composition with, or any assignment for the benefit of, its creditors generally (otherwise than in the course of a reorganization or restructuring previously approved in writing by OTF); (v) the Participant is unable to pay its debts as they become due or admits in writing its inability to pay its debts as they are due or is insolvent; (vi) a petition is presented for the winding up of the Participant, provided that where the petition is presented by a person other than the Participant, Insolvency shall not be deemed to have occurred due to the filing of a winding-up petition which is discharged, stayed or dismissed within thirty (30) days of commencement; (vii) an attachment before judgement or execution is levied over all or any part of the Participant’s property; (viii) a moratorium is agreed, declared or otherwise obtained in respect of or affecting all or any material party of the Participant’s indebtedness; (ix) the Participant is subject to the exercise of any stabilization powers in Part 1 of the UK Banking Act 2009; or (x) any action occurs in respect of the Participant in any jurisdiction which is analogous to any of those set out in sub-paragraphs (i) through (ix).

**“Instrument”** means a financial instrument made available by OTF for trading on the OTF.

**“Market Abuse”** means any behavior which constitutes market abuse (as defined in the FCA Handbook), insider dealing, market manipulation or any similar or analogous behavior prohibited by Applicable Law.

**“MiFID”** means the Directive of the European Parliament and the Council of 21 April 2004 on

markets and in financial instruments amending Council Directives 85/611/EEC and 95/6/EEC and Directive 2000/12/EC and of European Parliament and of the Council and repealing Council Directive 93/22/EEC as amended, substituted or replaced from time to time.

“**OB**” means the order book maintained by the OTF with respect to certain Instruments that will match Orders pursuant to discretionary methods.

“**Order**” means (i) a response to a resting quote; (ii) a quote posted on the OB, or (iii) a firm offer to buy or sell or enter into an Instrument.

“**OTF**” means the Organized Trading Facility (as defined in Article 4 (23) of Directive 2014/65/EUR of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU. “OTF” in context of these Rules means the OTF operated by Forte Securities Limited, a UK investment firm authorised and regulated by the FCA, with permission to operate an OTF.

“**OTF Data**” has meaning set forth in Rule 403(a)

“**OTF Market**” means the functionality upon which Instruments are available for trading on the OTF as set forth in any “**OTF Market Annex**,” in each case forming part of this Rulebook.

“**Participant**” means any Person that has signed the Participant Documentation and has been granted, and continues to have, Trading Privileges in accordance with the Rules.

“**Participant Documentation**” means the Executing Participation Document annexed hereto (OTF Market Annex [C]) and any other documents (together with any applicable schedules, exhibits or appendices thereto required by the OTF) in form and substance acceptable to OTF, that are required to be executed and delivered to the OTF before a Person may access the OTF as a Participant.

“**Person**” means a natural person or an entity.

“**Principal**” means any Person (whether or not disclosed to OTF) for whom a Participant places Orders and executes Trades on the OTF or subject to the Rules.

“**Professional Client**” has the meaning given in the FCA Handbook.

“**Prohibited Trading Practice**” means an activity described in Rule 304(a).

“**Recipient**” has the meaning given in OTF Market Annex A.

“**Regulatory Authority**” means an authority designated by each member state of the European Union in accordance with Article 48 of MiFID and any other relevant regulatory or competent authority, government (or political subdivision), agency, court, commission or entity (whether governmental or non-governmental) having jurisdiction over OTF or the trading of, or Persons engaged in the trading of, Instruments available for trading on the OTF.

“**Rules**” means, with respect to any Person, the rules of such Person and the interpretations,

resolutions, orders, directives and procedures of the person thereunder as in effect from time to time, and if no other Person is specified, means the rules of the OTF set out in this Rulebook and the interpretations, resolutions, orders and directives and procedures of the OTF thereunder as in effect from time to time.

**“Trade”** means any purchase or sale of an Instrument or entering into an Instrument on the OTF or subject to the Rules.

**“Trader ID”** means a unique identified issued to each Authorised Trader which enables OTF to identify the individual entering Orders into the OTF for and on behalf of a Participant.

**“Trading Access”** means the right granted to an Authorised Trader to place Orders and/or execute Trades on the OTF or subject to the Rules.

**“Trading Account”** means, with respect to each Participant, each account established and maintained by such Participant at OTF through which the Participant will trade Instruments.

**“Trading Arrangement”** means an agreement between two Participants that sets out and governs settlement and/or clearing, and related aspects of trading in Instruments between such two Participants.

**“Trading Privileges”** means the right granted to a Participant to use, directly or indirectly, the OTF.

**“Website”** means the website of FSL: [www.fortesecurities.com](http://www.fortesecurities.com)

**“Written”** means printing, lithography, photography, and other modes of representing or reproducing words or data in a visible form, including electronic transmissions.

#### **INTERPRETATION:**

The following rules of construction shall apply to the Rules:

- (i) The headings are for convenience only and do not affect the construction of the Rules.
- (ii) All references to time are to local time in London, United Kingdom except where expressly provided otherwise;
- (iii) Words denoting a singular number include the plural numbers where the context permits and vice versa;
- (iv) Where the context permits or requires, any pronoun shall include the corresponding masculine, feminine and neuter forms;
- (v) Forms of the word “include” mean that the inclusion is not limited to the items listed;
- (vi) “or” is disjunctive but not exclusive; and
- (vii) References to statutory provisions include those provisions and any rules or regulations promulgated thereunder, each as amended, updated or replaced from time to time.

## **CHAPTER 2 - PARTICIPANTS**

### **RULE 201 – Application Procedure**

- (a) Applicants may apply to become Participants by submitting executed Participant Documentation, in the form and manner required by OTF.
- (b) The admission of an Applicant to Participant status shall be subject to:
  - (a) Passing required relevant due diligence checks, sanctions and anti- money laundering checks, including providing such additional information as OTF may require; and
  - (b) Satisfaction of the Eligibility Criteria
- (c) OTF may reject an Applicant in its sole discretion if it does not satisfy the requirements in paragraph (b) or if OTF considers that accepting the Applicant as a Participant may prevent OTF complying with Applicable Law.

### **RULE 202 – ELIGIBILITY**

- (a) Retail customers, Independent software providers and trading venues are not eligible for admission as a Participant.
- (b) An Applicant must satisfy the following criteria:
  - a. It is classified by OTF as a Professional Client or Eligible Counterparty;
  - b. Is (i) authorised as an EEA credit institution or EEA investment firm or equivalent authorisation or (ii) has satisfied and will continue to satisfy the OTF as required that it is fit and proper to become a Participant, with adequate sophistication and organizational arrangements in place and a sufficient level of trading ability and competence;
  - c. It complies, and will ensure that its Authorised Traders comply, and, in each case, will continue to comply, with the Rules and Applicable Law;
  - d. It has the legal capacity to trade in the Instruments it selects to trade on the OTF;
  - e. It has the appropriate systems and arrangements for the orderly clearance and/or settlement, as applicable, of transactions in all Instruments it selects to trade on the OTF;
  - f. It has all registrations, authorisations, approvals and/or consents required by Applicable Law in connection with trading in Instruments on the OTF;
  - g. It has adequate experience, knowledge and competence to transact in Instruments; and
  - h. It meets such other criteria as are specified by OTF from time to time.

### **RULE 203 – CONTINUING OBLIGATIONS OF PARTICIPANTS**

- (a) Each Participant must at all times:
  - a. Continue to comply with the Eligibility Criteria;
  - b. Accept responsibility for all Orders, Trades and other actions taken by it and its

Authorised Traders; and

- c. Have appropriate internal systems and controls to ensure that it trades in an orderly manner, to prevent erroneous Trades and to ensure ongoing compliance with, and prevent breaches of, Applicable Law and these Rules.
- (b) Each Participant must comply with all requirements set forth in OTF Market Annex A.
- (c) Each Participant must provide OTF with the information necessary for OTF to establish Trading, Accounts and keep such information up-to-date at all times.
- (d) The Trading Privileges granted to a Participant or the Trading Access granted to an Authorised Trader pursuant to the Rules may not be transferred, assigned, sold or leased.

#### **RULE 204 – INFORMATION**

- (a) OTF may require a Participant to disclose information or produce documents in its possession, custody or control, in each case relevant to its activity on the OTF for the purpose of determining compliance with these Rules, or in response to a legal obligation or request by a Regulatory Authority (save to the extent that such a disclosure is prohibited by law or any relevant Regulatory Authority).
- (b) Participant shall provide all reasonable assistance to OTF regarding a possible breach of these Rules. Such assistance may include providing access to information and individuals reasonably within the control of the Participant.

#### **RULE 205 – AUTHORISED TRADERS**

- (a) Each Participant shall designate one or more individuals as Authorised Traders.
- (b) Each Participant shall ensure that each of their Authorised Traders:
  - a. Is a natural person;
  - b. Satisfies any other requirements as may be prescribed by OTF from time to time; and
  - c. Has a Trader ID
- (c) Each Participant will ensure on an ongoing basis that each of its Authorised Traders:
  - a. Is sufficiently trained and adequately supervised in accordance with any applicable requirements of the relevant Regulatory Authority and maintains any approvals required by and is duly authorised under Applicable Law to traded on the OTF.
  - b. Is technically proficient;
  - c. Conducts its business in accordance with the Rules
- (d) To designate an Authorised Trader, a Participant must follow the procedures established by OTF.

#### **RULE 206 – TRADER IDs**

- (a) OTF shall issue each Authorised Trader with a Trader ID, provided that no Trader ID will be assigned to an Authorised Trader without the consent of the relevant Participant.
- (b) Each Order entered into the OTF by an Authorised Trader must contain such Authorised Trader's Trader ID.



- (c) Each Participant must ensure that use of any Trader ID is limited to its Authorised Traders and shall adopt, implement and enforce access control procedures that limit access to the OTF to its Authorised Traders.
- (d) No Person may use a Trader ID to place an Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorised use of a Trader ID.
- (e) Each Participant shall ensure the accuracy of the registration information of its Authorised Traders at all times.
- (f) Each Participant shall notify OTF promptly upon becoming aware of:
  - a. Any unauthorised disclosure or use of any Trader ID assigned to it or any of its Authorised Traders and of any other reason for deactivating a Trader ID; and
  - b. Any unauthorised access to the OTF by any Person using a Trader ID assigned to such Participant or its Authorised Traders.
- (g) Each Participant shall be bound by any actions taken through the use of a Trader ID assigned to its Authorised Traders, including the submission Orders and execution, clearance and settlement of Trades, whether or not such actions were taken or authorised by such Participant or Authorised Trader, as the case may be.

#### **RULE 207 – REQUIRED DISCLOSURES OF PARTICIPANTS**

Except to the extent prohibited by Applicable Law, each Participant shall promptly notify the OTF upon becoming aware of any of the following events:

- (a) Such Participant or any of its Authorised Traders has breached or is otherwise unable to comply with the Rules;
- (b) Any material change to the contact information or information in the Participant Documentation provided to OTF by the Participant;
- (c) Any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant to effect Trades pursuant to the Rules or to timely perform the Participant's financial obligations under or in connection with any Trades of such Participant;
- (d) Any revocation, suspension or conditioning of any registration or license of a Participant necessary to trade on OTF granted by any relevant Regulatory Authority;
- (e) Any conviction of or civil law judgement against the Participant for any offence involving fraud, dishonesty, misleading statements or misleading impressions or Market Abuse that applies to any participation by the Participant on the OTF;
- (f) The commencement of enforcement or other proceedings whether before any court or tribunal by any Regulatory Authority to the extent that such action or proceedings could impair, restrict or prevent the Participant's complying with the Rules except to the extent that such notification or disclosure is prohibited by Applicable Law or any relevant Regulatory Authority;
- (g) Any investigation by a Regulatory Authority relating to use of OTF of which OTF would reasonably expected to be notified except to the extent that such notification or disclosure is prohibited by Applicable Law or any relevant Regulatory Authority;
- (h) The occurrence of an event of Insolvency with respect to the Participant or the 10% owner

or greater owner of the Participant; or

(i) Material inability by a Participant or any Principal for which it acts as Agent to clear or settle an Instrument in accordance with the Rules, Applicable Law or acceptable industry practice, such as a loss of access to a relevant settlement and/or clearing system.

#### **RULE 208 – SUSPENSION OR TERMINATION**

(a) OTF may, in its sole discretion, issue a Written warning, suspend, impose conditions on or terminate a Participant's or Authorised Trader's ability to access OTF in the following circumstances:

- (i.) Such Participant and/or any of its Authorised Traders are in breach of the Rules, Applicable Law or the Participant Agreement;
- (ii.) Such Participant has failed to pay any amounts due to OTF within 30 calendar days of the date of the applicable invoice
- (iii.) Such Participant does not meet the Eligibility Criteria;
- (iv.) In the event of an Emergency or Force Majeure;
- (v.) Any event listed in Rule 207 (c), (d), (e), (f), (h), (i) or (j) has occurred; or
- (vi.) Such action is, in OTF's reasonable opinion, necessary to preserve the security or integrity of OTF, to ensure orderly market conditions and/or to protect Participants or ensure compliance with Applicable Law.

(b) A Participant may cease to be a Participant by terminating the Participant Documentation in accordance with its relevant terms or otherwise by providing notice to OTF in accordance with such procedures as may be established by OTF for such purpose.

(c) To request the termination or suspension of an Authorised Trader, the Participant must notify OTF following the procedures established by OTF. OTF will terminate access of such Authorised Trader to OTF promptly upon receipt of such notice from the Participant. From the time that an Authorised Trader's suspension or termination on OTF is effective, OTF will disable access of such Authorised Trader to OTF.

(d) From the time that a Participant's suspension, termination or withdrawal is effective:

- (i.) All rights and Trading Privileges of such former Participant and all Trading Access granted to its Authorised Traders shall be suspended or terminated as applicable;
- (ii.) The former Participant must immediately withdraw all Orders and/or quotes submitted by such former Participant and its Authorised Traders, failing which OTF shall promptly cancel Orders and/or quotes; and
- (iii.) Such former Participant remains liable for:
  - (a.) Any contractual obligations relating to the Trades entered into by such former Participant and its Authorised Traders prior to such suspension, termination or withdrawal;
  - (b.) The payment of any fees, costs, or charges incurred prior to such suspension, termination or withdrawal;
  - (c.) Its and its Authorised Traders' acts done, and omissions made during its tenure as a Participant; and

- (d.) Such former Participant must comply with any reasonable requests for information from the OTF in relation to its tenure as a Participant
- (e.) OTF will notify a Participant of a decision to take any action under this Rule 208 unless it is prohibited from doing so by Applicable Law.

### **CHAPTER 3 - TRADING**

#### **RULE 301 – OTF INSTRUMENTS**

- (a) OTF shall determine the Instruments eligible for trading on each OTF Market and may, at any time and in its sole discretion, amend the Instruments eligible for trading on each OTF Market.
- (b) Publication of instruments available for trading on the OTF will be made available on the Forte Securities Limited website (OTF portal link).
- (c) Where a transferable security has been admitted to trading on a regulated market and is also traded on the OTF without the consent of the issuer, the issuer shall not be subject to any obligation relating to initial, ongoing or ad hoc financial disclosure with regard to the OTF.

#### **RULE 302 – METHODS OF EXECUTION ON OTF MARKETS**

Methods of execution for each OTF Market are set forth in the appropriate OTF Market Annex.

#### **RULE 303 – CONFIRMATIONS**

- (a) OTF shall promptly, following execution of a Trade, provide each Participant or its Agent that is involved in such Trade with a Written record of the Trade (the **“Confirmation”**). Subject to the Rules, and any other agreement between the Counterparties to such Trade, the Confirmation shall be conclusive evidence of those Counterparties having entered into a valid, legally binding contract.
- (b) For Trades not executed on an anonymous basis, a Confirmation shall consist of the Trade Communication and, if applicable, the Terms Incorporated by Reference. In the event of any conflict between (x) the Trade Communication and (y) the Terms Incorporated by Reference, the Trade Communication shall prevail to the extent of any inconsistency and the Trade Communication will state the same.

**“Trade Communication”** shall mean a Written communication provided by OTF to each Participant involved in a Trade containing the economic terms of the Trade agreed by the Participants on OTF.

**“Terms Incorporated by Reference”** shall mean the Trading Arrangements governing the Trade memorialized in the Trade Communication.

- (c) A Participant or its Agent must notify OTF as soon as possible upon receipt if it is not in agreement with any details of the Confirmation.

#### **RULE 304 – PROHIBITED TRADING PRACTICES**

- (a) It shall be a violation of the Rules for a Participant or any of its Authorised Traders to engage, directly or indirectly, in any of the following activities:
- (i.) Any act or omission that would constitute fraud;
  - (ii.) Making any fraudulent or misleading communication in relation to one or more Instruments or OTF Markets;
  - (iii.) Beaching or causing OTF to be in breach of any Applicable Law;
  - (iv.) Any action or omission resulting in disorderly trading conditions, the disruption of fair and orderly trading or system functionality;
  - (v.) Engaging in any action which is likely to damage the fairness, stability or integrity of OTF or to bring OTF into disrepute; or
  - (vi.) Any act or omission that would constitute Market Abuse.
- (b) No Participant or Authorised Trader shall make any knowing misstatement of material fact to OTF or any of OTF's directors, officers, employees or agents.

#### **RULE 305 – MARKET SURVEILLANCE**

- (a) OTF shall monitor compliance with the Rules and shall have procedures and arrangements to identify disorderly trading conditions and any conduct that may be in violation of these Rules. In determining whether conduct or a Trade breaches these rules, OTF may utilize such information and consult with any relevant parties that it deems appropriate.
- (b) OTF may take such actions as permitted by these Rules to facilitate fair and orderly trading on OTF.

#### **RULE 306 – OTF RISK CONTROLS**

- (a) OTF may at any time suspend, postpone or extend trading on OTF as a whole, or in respect of one or more Instruments or OTF Markets, where OTF reasonably considers such action necessary:
- (i.) To maintain the stability or integrity of OTF;
  - (ii.) To ensure fair and orderly trading;
  - (iii.) To avoid violation of Applicable Law;
  - (iv.) To prevent erroneous execution of Trade; and/or
  - (v.) As otherwise required by Applicable Law or pursuant to an order or request of a Regulatory Authority or court of competent jurisdiction.
- (b) If trading in an Instrument or on an OTF Market is suspended in whole or in part pursuant to paragraph (a) of this Rule 306, no new Orders may be submitted into the relevant OTF Market in respect of such Instrument or an OTF Market for the duration of the suspension and all unfilled Orders at the time of the suspension shall be canceled.
- (c) OTF shall, to the extent practicable, promptly notify Participants of any decision to suspend, postpone or extend trading pursuant to paragraph (a) of this Rule 306.

#### **RULE 307 – TRADE CANCELLATION**

- (a) OTF may cancel a Trade executed on OTF if:

- a. Both affected Participants agree to cancel such Trade and provide to OTF consent to cancel in Writing; and
  - b. The Trade was result of clerical or operational error by one or both affected Participants.
- (b) OTF reserves the right to require the parties to cancel any Trade executed on OTF if OTF not unreasonably considers that:
- a. The Trade was a result of an OTF system error;
  - b. The Trade appears to be Market Abuse or otherwise be manipulative or indicative of system abuse or misuses;
  - c. The Trade appears to be deceptive or fraudulent;
  - d. Such cancellation is necessary to preserve the integrity of the market and maintain fair and orderly trading; or
  - e. The Trade is contrary to Applicable Law.
- (c) Each Participant acknowledges and agrees that if OTF determines that a Trade should be canceled in accordance with this Rule 307, the affected Participants shall take such steps as may be necessary to effect such cancellation in accordance with normal market convention.

**RULE 308 – EXECUTION, CLEARING and SETTLEMENT**

- (a) In respect of Cleared Instruments:
- (i.) Each Clearing Instrument shall be cleared through the Clearing House mutually selected by the Participants;
  - (ii.) The relevant Clearing House’s Rules will govern the clearing of such Trades in addition to the remaining provisions of this Rule 308;
  - (iii.) Each Participant must comply with the Rules of the relevant Clearing House; and
  - (iv.) Where the Rules of the relevant Clearing House conflict with this Rule 308, the Rules of the relevant Clearing House shall take precedence.
- (b) After the Clearing House has confirmed to the OTF that the Trade has been cleared, the OTF will notify the Participants involved in the Trade.
- (c) In respect of Trades in Instruments that are not Cleared Instruments, the settlement of all executed Trades shall take place directly between the Participants in accordance with the terms of the Trade and the Trading Arrangement applicable to the Trade.
- (d) If requested by OTF, a Participant shall provide promptly (and, in any event, by the end of the Business Day following the day on which a request is made by OTF) any details relating to settlement of a Trade.

**RULE 309 – TRADE/TRANSACTION REPORTING**

Each Participant shall be solely responsible for any trade reporting, transaction reporting or other reporting and/or filing requirements as may arise under Applicable Law in connection with the use of OTF by such Participant (if any).

#### **RULE 310 – TAXATION**

Each Participant shall be liable for the payment of any taxes, including stamp duty reserve tax, that may arise in connection with trading on OTF by such Participant.

#### **RULE 311 – SPONSORED OR DIRECT MARKET ACCESS**

A Participant shall not permit or allow any third party to access OTF using the Participant's Trading Privileges via any means, including via sponsored access or direct market access, unless authorised by OTF to do so subject to such additional conditions as OTF may specify.

#### **RULE 312 – SUSPENSION OR REMOVAL FROM TRADING**

OTF may suspend or remove from trading an instrument on instruction from the Competent Authority.

### **CHAPTER 4 - MISCELLANEOUS**

#### **RULE 401 – NOTICES**

(a) Each Participant must provide OTF with its current electronic mail address and telephone number and the electronic mail address and telephone number of any Person who may use a Trader ID associated with such Participant. Each Participant must update the contact information described in this paragraph (a) whenever it changes no later than the end of the Business Day following the change.

(b) Communications from OTF to Participants may be transmitted by electronic mail or posted on the Website.

(c) Subject to Rule 410 (d), a notice from or by OTF posted on the Website shall have effect on the date stated in it. A Participant shall be bound by a notice even if, for any reason, the Participant did not receive it.

#### **RULE 402 – TIMELY PUBLICATION OF INFORMATION**

OTF shall publish such information relating to OTF Markets and the Instruments available for trading on OTF as required by Applicable Law.

#### **RULE 403 – MARKET DATA**

(a) Participant permits OTF to use, distribute, disclose and sell all data and other information contained in, displayed on, generated by or derived from OTF or Trades entered into pursuant to the Rules, including Orders, prices and volumes ("**OTF Data**") provided that (i) OTF may only disclose OTF Data on an aggregated basis and without directly or indirectly identifying Participant as the specific source of such OTF Data; and (ii) OTF shall not use the OTF Data to replicate or reverse engineer Participant's trading strategies (except as required by law or to comply with our regulatory obligations). Subject to the foregoing, Participant retains all ownership and other rights with respect to the OTF Data.

(b) OTF permits Participants and Authorised Traders to use, distribute and disclose the OTF Data or other information obtained via OTF for the purposes of trading, regulatory compliance (including for the purposes of audit), the creation of derivative works (provided that such derivative works do not identify us directly or indirectly as a source of the underlying information) and for any other purpose as may be set out herein, provided that any such restrictions shall not apply to Participant's own data (and the data of its Principals, clients or customers).

(c) OTF may at any time restrict or establish reasonable utilisation fees in respect of OTF Data and/or format and presentation thereof with respect to Participants, Principals, clients and customers, provided that any such fees shall not apply to Participants' use of Participant's own data (and the data of its Principals, clients or customers).

#### **RULE 404 – OTF COMPLIANCE WITH APPLICABLE LAW; COOPERATING WITH REGULATORY AUTHORITIES**

(a) OTF will comply with all Applicable Law and any request of the FCA or other relevant Regulatory Authority.

(b) OTF may provide full assistance to and will also supply any relevant information without delay to the FCA and, as required by Applicable Law, to any other Regulatory Authority, in connection with any investigation and prosecution of or enforcement action regarding any actual or suspected Prohibited Trading Practice occurring on or through OTF.

(c) OTF may report to the FCA, and to the extent that such reporting is required pursuant to Applicable Law to any other relevant Regulatory Authority, any breaches of the Rules, disorderly trading and/or Prohibited Trading Practices.

(d) OTF may disclose information and documents received from any Participant to any Regulatory Authority for any purpose including (without limit) enabling any Regulatory Authority to commence or pursue any investigation or enquiry, or institute, continue or defend any proceedings.

(e) Each Participant shall provide full assistance to the FCA and any other Regulatory Authority, including providing information and documents directly to the FCA or such Regulatory Authority if such direct provision of information is permitted by FCA or such Regulatory Authority, in connection with: (i) any actual or suspected breach of Applicable Law; and/or (ii) any investigation or prosecution of or enforcement action regarding any actual suspected Prohibited Trading Practice; in each case, to the extent related to Participant's OTF activities.

#### **RULE 405 CONFIDENTIALITY**

(a) All material non-public information provided by a Participant or Authorised Trader to OTF shall be held in confidence and shall not be made known to any other Person except as follows:

- (i.) With the prior written consent of the Participant providing such information;
- (ii.) To a Regulatory Authority if OTF is requested or legally required to do so by such Regulatory Authority;
- (iii.) Pursuant to a lawful discovery request;
- (iv.) To a Clearing house of which such Participant is a member or in connection with the

- clearing of a Participant's Trade cleared by such Clearing House;
- (v.) To other Participant(s) to facilitate Participant's trading on OTF;
  - (vi.) Subject to appropriate confidentiality requirements, to any Person providing services to OTF;
  - (vii.) Subject to appropriate confidentiality requirements, to OTF employees, the board, board committees, attorneys, auditors, and agents, independent contractors or other Persons that have been engaged by OTF, in each case, who require such information in connection with the discharge of their duties to OTF; and
  - (viii.) As otherwise permitted under the Rules.
- (b) All information and data obtained or received by OTF from inspections of accounting and other records will be treated as confidential by OTF; however, this Rule does not supplant Rule 208 (Suspension or Termination), in case of Emergency or Force Majeure to the extent that it is necessary to transfer information or data to another duly appointed and, if applicable, duly authorised entity, or any other requirement of legal process or law.

#### **RULE 406 – LIMITATION OF LIABILITY, NO WARRANTIES**

- (a) Subject to subsection (f) of this Rule 406, none of OTF, its Affiliates or any contractors and sub-contractors providing services related to OTF, nor any of their respective successors or assigns, directors, officers, employees, agents, partners, consultants or licensors (each a "Disclaiming Party") shall be liable to any person (including any Participant, Authorised Trader, Principal, Agent, or any market participant that directly or indirectly effects a Transaction on OTF) for any losses, damages, costs or expenses (including loss of profits, loss of use, and direct, indirect, special, incidental, consequential or punitive damages), arising from:
- (i.) any failure, malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption, termination, or any other event, in connection with the furnishing, performance, operation, maintenance, use of or inability to use all or any part of any of OTF or services of the Disclaiming Party, or services, equipment or facilities used to support such OTF or services, including electronic order entry/delivery, trading through any electronic means, electronic communication of market data, OTF data or information workstations used by Participants, Authorised Traders, Principals, or Agents, price reporting systems and any and all communications networks, software and hardware relating thereto;
  - (ii.) any failure, malfunction, fault in delivery, delay, omissions, suspension, inaccuracy, interruption or termination, or any other event, of OTF or any services of a Disclaiming Party, or services, equipment or facilities used to support such trading systems or services, caused by any third parties including independent software vendors or network providers;
  - (iii.) any errors or inaccuracies in information provided by the Disclaiming Party or in any of the Disclaiming Party's systems, services, equipment or facilities;
  - (iv.) any unauthorised access to or unauthorised use of any of the Disclaiming Party's systems, services, equipment or facilities by any person; or
  - (v.) OTF's performance of its regulatory obligations as an operator of OTF or any action taken



in accordance with the Rules or with its good faith understanding of Applicable Law.

The foregoing limitation of liability shall apply whether a claim arises in contract, tort, negligence, strict liability, contribution or otherwise and whether the claim is brought directly or as a third-party claim.

(b) Notwithstanding subsection (a) or (c) of this Rule 406, but subject to subsection (f) of this Rule 406, in no event shall any Affiliate of OTF acting as provider of technology services to the OTF be liable to any person nor shall any person bring any legal action against any such Affiliate in such capacity (whether in tort, negligence, or breach of contract) for any losses, damages, costs or expenses including loss of profits, loss of use, direct, special, punitive, indirect, incidental or consequential damages, arising from the use of OTF.

(c) Without limiting OTF's indemnification obligation under Rule 407, there are no express or implied warranties or representations (including warranties of merchantability and fitness for a particular purpose or use) provided by any Disclaiming Party relating to any systems or services of any Disclaiming Party or services, equipment or facilities used to support such systems or services.

(d) Any dispute arising out of the use of systems or services of any Disclaiming Party or services, equipment, or facilities used to support such systems or services in which the Disclaiming Party or Disclaiming Parties shall be subject to adjudication as provided in Rule 411 as if the Disclaiming Party were OTF and the opposite party or parties were a Participant. This subsection (d) shall in no way be construed to create a cause of action (or modify the limitation on actions provided in Rules 406(a)) and shall not authorize an action that would otherwise be prohibited by the Rules.

(e) The limitations of liability in this Rule 406 shall not apply to OTF's indemnification obligation under Rule 407 and shall not protect or apply to OTF or any Disclaiming Party if and to the extent such liability results from or would have resulted from any breach of these Rules or the Participant Documentation, negligence, breach of any regulatory duty, wilful misconduct or fraud by OTF or such Disclaiming Party,

(f) Nothing in this Section shall be construed as excluding or restricting: (i) any duty or liability of OTF to Participant under the regulatory system (as defined in the FCA Handbook) except if and to the extent that exclusion or restriction of liability is permitted (and accordingly any rights Participant may have under the regulatory system are not affected by the provisions of this Agreement); (ii) any liability of OTF or any Disclaiming Party for death or personal injury insofar as such death or injury results from the negligence of OTF or such Disclaiming Party; or (iii) any liability of OTF or any Disclaiming Party in circumstances where or to the extent that liability cannot be excluded or restricted by law.

(g) For the avoidance of doubt, none of the limitations of liability set out in the Forte Securities Limited terms of business (which form part of the Participant Documentation) shall apply in relation to any liability of OTF or any Disclaiming Party under these Rules or in connection with the OTF.

#### **RULE 407 INDEMNIFICATION BY OTF**

OTF, at its expense, shall indemnify, hold harmless and defend Participant against any loss, claim, demand or expense (including reasonable attorneys' fees) ("**Claim**") that OTF or any portion thereof infringes, misappropriates or violates any intellectual property or proprietary rights of any third party; provided, however, that OTF shall not be required to indemnify Participant for any Claim to the extent it arises from or in connection with any (a) additions, changes or modifications by Participant to OTF, which changes were not provided by OTF or any of its Affiliates, (b) use of OTF in combination with other products or services not provided by OTF or its Affiliates, or (c) use of OTF other than expressly permitted by the Rules or the Participant Documentation. OTF shall control such defense and all negotiations relative to the settlement of any such Claim. Participant shall promptly provide OTF with Written notice of any claim which falls within the scope of this paragraph (provided that failure to provide such notice shall not relieve OTF of its indemnity obligations hereunder except to the extent it is prejudiced thereby).

#### **RULE 408 FORCE MAJEURE**

Notwithstanding any other provisions of the Rules, OTF shall not be obligated to perform its obligations under the Rules, or any other agreement with a Participant (including the Participant Documentation), or to compensate any Person for losses occasioned by any delay or any total or partial failure of performance of OTF duties and obligations occasioned by any act of God, fire, act of government or state, war, act of terrorism, civil commotion, insurrection, embargo, inability to communicate for whatever reason, failure of any computer dealing or settlement system, prevention from or hindrance in obtaining any energy or other supplies, labour disputes of whatever nature or late or mistaken delivery or payment by any entity or counterparty or any other reason (whether or not similar in kind to any of the above) beyond OTF control.

#### **RULE 409 EXTENSION OR WAIVER OF OTF RULES**

OTF may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the Applicable Law or other applicable regulations.

#### **RULE 410 - AMENDMENT, REPEAL OR NEW RULE**

(a) OTF may in its sole discretion amend or repeal any Rule and/or adopt new Rules provided that, in relation to any individual Participant, no amendment or repeal of Rule 406 (or any adoption of a new Rule that would have the effect of amending or repealing Rule 406) shall take effect unless and until such Participant shall have agreed in writing to such amendment, appeal or adoption. Any such amendment or repeal of a Rule or adoption of a new Rule, shall, upon the effective date of such amendment, repeal or adoption, as applicable, (but subject to the proviso to the preceding sentence) be binding on all Participants and Authorised Traders.

(b) If an amendment or repeal of a Rule or adoption of a new Rule does not materially change the terms or conditions of an Instrument and does not affect the value of open Instruments, then the effective date of any amendment or repeal of a Rule or adoption of a new Rule relating to

Instruments is binding on all Instruments entered into before and after the effective date of such amendment, repeal or adoption and, to the extent applicable, before the effective date of such amendment, repeal or adoption.

(c) If an amendment or repeal of a Rule or adoption of a new Rule materially changes the terms or conditions of an open Instrument or affects the value of open Instruments, then the amendment, repeal or adoption of the new Rule shall not affect any open Instruments and shall be binding only on (i) new Instruments listed for trading after the effective date of such amendment, repeal or adoption, and (ii) Instruments listed as of the effective date of such amendment, repeal or adoption with no open positions then in existence, unless, in each case, otherwise specifically provided by the OTF board of directors.

(d) OTF will publish any amendments to this Rulebook, other than those amendments which OTF makes in response to an Emergency, on the Website 10 Business Days prior to the effective date of such amendments. Any such publication shall specify the date on which the amendment takes effect. Continued participation on OTF following the effective date of the amendment constitutes deemed acceptance by the Participant of the amendments and acknowledgement of the revised Rulebook.

#### **RULE 411 – GOVERNING LAW AND JURISDICTION**

This Rulebook, any matters arising out of this Rulebook and the relationship between OTF and each Participant shall be governed by the laws of England and Wales without regard to choice-of-law principles that would lead to the application of the law of another jurisdiction. The Participants hereto agree to submit to the jurisdiction of each of the relevant courts located in London, England, in connection with any matters arising out of this Agreement and not to assert a defense of forum non conveniens, sovereign immunity, Act of State or analogous doctrines in connection with any action.

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## OTF MARKET ANNEX A – TRADING FUNCTIONS

### 1. Financial Instruments available for trading via Voice Broking activity:

- a. Equity Derivatives
- b. Credit Derivatives
- c. Structured Finance Products
- d. Bonds
- e. Commodity Derivatives
- f. Other Derivatives

### 2. Trading Arrangements

Without prejudice to the generality of Rule 203(b), each Participant or its Principal must have a Trading Arrangement with each other Participant with which the Participant desires to enter into Trades or with a Principal of such Participant.

### 3. Method of Execution

#### (a) Voice Trading System

A trading system where transactions between members are arranged through voice negotiation. The bids and offers and the attaching volumes from any member or participant which, if accepted, would lead to a transaction under the system's rules subject to OTFs discretion.

### 4. Clearing

If the Clearing House rejects the Trade, the relevant Participants must process the Trade in accordance with the applicable Trading Arrangements.

### 5. Transparency waivers

OTF pre-trade transparency waiver is applicable per Article 9, 1(b) of REGULATION (EU) No 600/2014 of the EUROPEAN PARLIAMENT AND THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, specifically:

actionable indications of interest in request-for-quote and voice trading systems that are above a size specific to the financial instrument, which would expose liquidity providers to undue risk and takes into account whether the relevant market participants are retail or wholesale investors;

Provided an actionable interest meets the thresholds as set out in ANNEXES to the above stated regulation the OTF will reserve the right and discretion to utilize the waivers granted by the Competent Authority.

OTF pre-trade transparency waiver is applicable per Article 9, 1(a) of REGULATION (EU) No 600/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

orders that are large in scale compared with normal market size and orders held in an order management facility of the trading venue pending disclosure;

Provided an actionable interest meets the thresholds as set out in ANNEXES to the above stated regulation the OTF will reserve the right and discretion to utilize the waivers granted by the Competent Authority.

OTF pre-trade transparency waiver is applicable per Source: Article 9, 1(c) of REGULATION (EU) No 600/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

derivatives which are not subject to the trading obligation specified in Article 28 and other financial instruments for which there is not a liquid market.

Provided an interest is not subject to the trading obligation or a financial instrument for which there is not a liquid market the OTF will reserve the right and discretion to utilize the waivers granted by the Competent Authority.

## **6. Match Principal Activities**

OTF permits deals in Match Principal form for Bond and derivatives Transactions.

## **OTF MARKET ANNEX B – FEE SCHEDULE**

Executing trade rate across all asset classes is zero

Please note there are applicable charges for arrangement of trades on the OTF

## OTF MARKET ANNEX C – EXECUTING PARTICIPATION DOCUMENT.

### Executing Participant Document

Forte Securities Ltd (hereafter referred to as 'FSL', 'we' or 'us') will be the operator of an Organised Trading Facility (OTF) as defined under the second Markets in Financial Instruments Directive (MiFID II).

By ticking the relevant boxes below, you are indicating that you wish to be onboarded as a participant/user of the FSL OTF.

Trading Venue Services are subject to the applicable OTF Rulebook. By ticking the relevant box below, you are agreeing to be bound by the FSL OTF Rulebook for transactions concluded under the rules of the FSL OTF.

Further documents address how your relationship as a client of FSL is impacted; in particular the applicable Terms of Business and Order Execution Policy.

As a current client of FSL you already have our current Terms of Business and Order Execution Policy but you will receive updated copies upon confirmation as a client of the FSL OTF.

#### Forte Securities Service Provision Consent:

- Forte Securities Limited OTF**

***By ticking the box above, we agree to be bound by the Terms of the Rulebook, Policies and Terms of Business, as applicable.***

#### Consents:

- Matched Principal Trading**

Where so indicated in the applicable Rulebook (re. Matched Principle Transactions), we may execute trades on the FSL operated OTF as Matched Principal Trading in accordance with Art.4 para. 1 (38) MiFID II. By ticking this box, you agree and give your consent to us executing your orders on the FSL OTF as Matched Principal Trading and you are acknowledging that each time you place an order or submit a trading interest to the FSL OTF you are deemed to consent for the FSL OTF to execute such order or trading interest as Matched Principal Trading.

**Asset Class Agreement**

FSL will list the following instruments on the OTF:

- Bonds
- Equity Derivatives
- Credit Derivatives

***By ticking this box you are agreeing to be onboarded for all the asset classes currently provided by FSL on the OTF, as listed above. If you have a specific requirement to NOT be onboarded to one or more of the listed asset classes you should express this to your relevant line of communication.***

**Provision of Information in an Electronic Format**

We are required to obtain the consent of our clients to provide them with information (whether or not personally addressed to them) in an electronic format, either by means of our website [www.fortesecurities.com](http://www.fortesecurities.com) or by email. This will not affect the quality of the information which we provide to our clients. By ticking this box, you consent to information being provided to you in electronic format.

**AGREED AND ACCEPTED**

**Company Name:**

**Legal Entity Identifier (LEI):**

**Director/Authorised signatory:**

**Date:**

**Signature:** \_\_\_\_\_